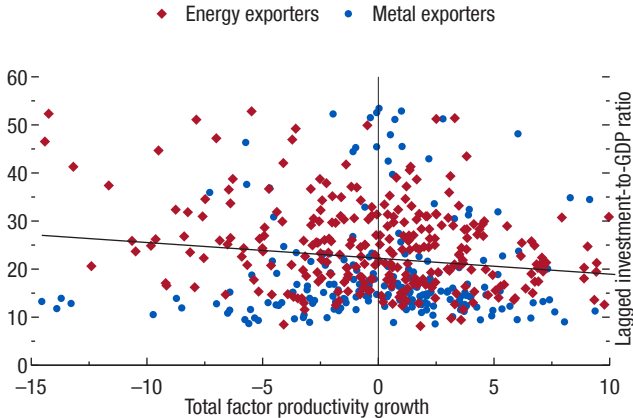


Figure 2.17. Investment and Total Factor Productivity Growth
(Percent)

In exporters of energy and metals, large increases in the investment-to-GDP ratio tend to be followed by weaker total factor productivity growth. This correlation is likely to partly reflect underutilized capital during the gradual buildup of large-scale projects in extractive industries.



Sources: Penn World Table 8.1; and IMF staff calculations.
Note: Sample of 18 commodity-exporting emerging market and developing economies. The data are Winsorized at the 1 percent level to reduce the influence of outliers. The correlation between the lagged investment-to-GDP ratio and total factor productivity growth is statistically significant at the 5 percent level.